

**109<sup>th</sup> Congress**  
**CHC Social Security Task Force**  
**Chair: Rep. Xavier Becerra**

**Social Security Privatization**

**The CHC strongly supports the Social Security program** because it protects Latino workers and their families in the following ways:

- Social Security benefits are indexed for inflation, and unlike a savings account, cannot be depleted over time.
- Social Security's benefit formula ensures that those who earn lower wages receive proportionally higher benefits relative to their contributions than do higher wage earners.
- Social Security ensures protection not only for workers, but also for families of workers who retire, become disabled or die.

**CHC recognizes the importance of the Social Security program for the Latino community, which is particularly vulnerable to harm due to drastic changes to the Social Security system.** Latinos make up a disproportionately large segment of workers earning low and moderate wages. Social Security's benefit formula ensures that lower-wage workers and their families receive a higher return relative to their contributions than high-wage workers. Without Social Security, almost 33% of older Latinos would fall into poverty. Social Security is the single largest source of retirement income for the majority of Latinos. It comprises 50% or more of total income for 82% of Latinos over age 65. Latino elderly women are even more reliant on Social Security – 86% of them depend on Social Security for at least half of their retirement income; for 52%, it is 100% of their income. More than 75% of older Latinos receive Social Security benefits. Latinos are less likely than others to receive retirement income from other programs such as pensions and annuities (15%) or other assets (28%).

**Social Security must be protected to continue to provide individuals with a solid, guaranteed benefit that lasts for life and keeps pace with the rising cost of living.** Reform should not come at the expense of the "social insurance" nature of Social Security, in that the current system protects workers and their families from loss of earnings due to retirement, death, or disability. CHC will not support proposals that put at risk the lifelong guarantee to Latino elderly that they may live in dignity with a stable income during retirement, to Latino workers that they will have a basic income in case of disability, or to Latino widows and orphans that they will not become impoverished because of the death of a spouse or parent.

**CHC will support proposals to increase savings rates among Latinos and other low- and moderate income earners. We will oppose the privatization of Social Security, and advocate for policies that will not supplant but supplement Social Security.** While 43% of U.S. workers participate in a pension program, only 26% of Latino

workers do. Less than half of Latino households have any retirement savings. Thus among other ideas, the CHC supports making the Small Saver's tax credit refundable so that low-wage workers can participate. Instead of only rewarding assets and investment income, legislation on taxes, pensions and retirement should be targeted toward increasing the rate of savings for all Americans, with a special emphasis on lower- and moderate-wage worker income.

**CHC encourages policymakers to consider how legalization of undocumented immigrant workers in the United States would strengthen Social Security financing.**

As many as one in five Latinos are not participating in the Social Security program due to immigration status, low wages that do not meet the coverage threshold, or higher rates of unemployment. Legalization of currently residing undocumented workers will broaden the base of workers contributing to the Social Security program and will allow workers to find higher paying jobs.